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SUBJECT: AMBASSADOR VISITS MIRANDA STATE

Summary

1. The Ambassador's visit to the central northern coastal state of Miranda on April 20, 2005 included meetings with the Governor, the Dean of the Andres Bello Catholic University, the Electricity Plant of Caracas, as well as a USAID funded NGO. Miranda is the state in which the nation's capital, Caracas is located. Venezuela's financial, commercial and service industry is concentrated in Miranda. Miranda's economy depends on agriculture and metal, chemical and food industries as well. The press interviewed the Ambassador as he exited the Governor's office and covered the visit to the USAID funded NGO. The Ambassador's visits focused on maintaining positive U.S.-Venezuelan relations and highlighting collaboration to different social programs. End Summary

Political Climate

2. Miranda State Governor Diosdado Cabello, elected in October 2004, formally received the Ambassador in his office. The Ambassador's meeting with the Governor, a close Chavez supporter, focused on maintaining the U.S.-Venezuelan relations. The Ambassador told Cabello he hopes to achieve this goal by traveling throughout Venezuela, a state at a time to identify where U.S. aid may be needed. He stated the U.S. is trying to find a pragmatic approach to confront the differences between the two countries, and mentioned Sino-U.S. relations as an example.

3. The Governor suggested the U.S. and Venezuela could perhaps collaborate on the Luis Posada Carriles (Cuban terrorist) extradition. The Ambassador said that one area where both countries could collaborate is on the Colombian-Venezuelan border. The drug trafficking and kidnapping conducted by the FARC affects both countries, the Ambassador said. The Ambassador also suggested the Venezuelan government should show more transparency in its weapons purchases.

Academic and Religious Institutions

4. Father Raul Biord Castillo, Dean of the Andres Bello Catholic University received the Ambassador at the los Teques campus. Biord is the nephew of Venezuelan Cardinal Castillo Lara and holds a doctorate in Theology from the Pontifical Gregorian University in Rome. The Ambassador asked Biord's help in identifying candidates for academic exchanges such as the Fulbright program. Father Biord discussed some of the programs run by his Salesian order. He said the ones with the most need are programs for the homeless and for tradecraft schools for junior and high school dropouts. Biord noted the Catholic Church's important role in raising the Venezuelan people's morale and hopes as the country experiences a fragile sociopolitical situation.

Business

5. The Ambassador visited an electrical generation facility operated by Electricidad de Caracas (EDC). Though originally founded in 1895, a majority of EDC's shares are now held by the AES Corporation. EDC generates, transmits, and distributes electricity to metropolitan Caracas. EDC General Manager Evar Peterson acknowledged to the Ambassador that the company faces a difficult situation because of the GOV's failure to comply with electrical sector legislation promulgated by the Chavez Administration in 2001. The legislation was intended to foster more competition in the sector by "unbundling" services and was supposed to be effective by early 2004. In fact, however, the GOV has not followed through, according to Peterson, and it appears as if the government will continue to dominate the sector. He said EDC suffered a 1.6 percent decrease in its operational

income in 2004. This loss was attributable at least in part to the failure of the GOV to grant the appropriate tariff adjustments. Peterson noted that EDC's fuel supplier, Petroleos de Venezuela, had also recently increased the rates charged to its industrial customers. In common with other power companies in Latin America, EDC is also faced with many non-paying customers.

16. In what Peterson described as a "sociological experiment," EDC has proposed an innovative project to the Ministry of Energy and Petroleum under which its customers would be allowed to pre-pay set amounts of electricity through the installation of pre-paid meters. EDC has selected a community for this experiment, he said, and has already done the work to upgrade the electrical infrastructure and install the meters. The Ministry, however, has yet to approve the necessary tariff, according to Peterson. The Ambassador commended EDC for the excellence of the service it provides and for its social responsibility projects. He expressed interest in visiting an EDC-funded school in the Los Teques region in the future.

Social Support

17. The Ambassador also visited a USAID funded NGO in the Caracas borough of Petare. This very low-income area has shown strong electoral support for President Chavez. He was received by Amanda Dittmar de Troconis and Susan Sezille de Mateo, President and Vice-President of the Organizacion Social Catolica San Ignacio (OSCASI) which promotes the development of "at risk" children through four training institutions for children not enrolled in the formal education system. The training institutions provide alternative education for approximately 450 children and youths between the ages of nine to eighteen who have been excluded from formal education and require special attention.

18. OSCASI helps train and equip these students to be able to make a smooth transition into mainstream education or the labor market. The program receives additional funding from the Catholic Church, United Way, the Venezuelan Ministry of Education and internal resources raised by the OSCASI staff. USAID provided OSCASI with a grant of approximately \$20,000 to support their work. The Ambassador addressed the students, teachers, religious staff and media, emphasizing the importance of education for the nation and community and the church as being the organization that brings the two together in the majority of countries in Latin America. He also mentioned the students represent the future of Venezuela as tomorrow's professionals.

Press Coverage

19. The press portrayed the U.S. Government in a positive light and the Ambassador as its conduit to a humanistic approach to U.S.-Venezuelan relations. The media indicated the Ambassador was proud to represent a country which has been a good neighbor to Venezuela for the past 200 hundred years and hopes to continue to maintain its relations for 200 hundred more years.

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